

TORONTO STOCK EXCHANGE

FEB 4 1957

LISTING STATEMENT

EDDY MATCH COMPANY, LIMITED

Incorporated under the laws of Canada by Letters Patent
 dated December 14, 1927.

COMMON SHARES WITHOUT NOMINAL OR PAR VALUE

CAPITAL SECURITIES AS AT DECEMBER 26, 1956

	Authorized	Issued and outstanding	To be listed
6% cumulative preferred shares of the par value of \$100 each...	9,250	9,250	nil
Common shares without nominal or par value.....	500,000	281,746	281,746

December 26th, 1956.

1.

APPLICATION

EDDY MATCH COMPANY, LIMITED (hereinafter called the Company) hereby makes application for listing on The Toronto Stock Exchange of 281,746 common shares without nominal or par value of its capital stock, which are all of the common shares of the Company presently issued and outstanding as fully paid and non-assessable.

2.

REFERENCE TO PROSPECTUS

Reference is made to the attached Prospectus dated December 19th, 1956, which forms part of this Application.

3.

OPINION OF COUNSEL

Messrs. Stapells, Sewell and Stapells, 112 Yonge Street, Toronto, Ontario, Counsel for the Company, are filing in support of this Application an opinion stating, among other things, that the Company has been duly incorporated and organized under the laws of Canada and is a valid and subsisting company and that the said 281,746 common shares have been validly issued and are outstanding as fully paid and non-assessable.

4.

LISTING ON OTHER STOCK EXCHANGES

The Company is making application for listing of the said 281,746 common shares on The Montreal Stock Exchange.

5.

STATUS UNDER SECURITIES ACTS

The Offer of the common shares without nominal or par value in the capital stock of the Company will be authorized for sale in all the provinces of Canada.

6.

HEAD OFFICE

The Head Office of the Company is at 1270 Pembroke Street West, Pembroke, Ontario.

7.

DIRECTORS

Gilbert Perry Bartholomew	Executive	12 Glenilla Rd., Hampstead, London N.W. 3, England
Donald Babcock Cruikshank	Executive	100 Park Rd., Rockcliffe, Ottawa, Ont.
Lloyd Milton Crandall	Executive	354 Maple Ave., Pembroke, Ont.
Victor Montague Drury	Executive	3016 St. Sulpice Rd., Montreal, Que.
Lionel Avard Forsyth, Q.C.	Advocate	74 Sunnyside Ave., Montreal, Que.
Ian Herbert Gillett Gilbert	Executive	1 Royal Chase, Tunbridge Wells, Kent, England
Hugh Hart	Executive	483 Nancy St., Pembroke, Ont.
George Ashley Hutchinson	Executive	258 Alfred St., Pembroke, Ont.

8.

OFFICERS

Lloyd Milton Crandall	Chairman of the Board and President	354 Maple Ave., Pembroke, Ont.
George Ashley Hutchinson	Executive Vice-President	258 Alfred St., Pembroke, Ont.
Hugh Hart	Vice-President, Secretary and Treasurer	483 Nancy St., Pembroke, Ont.
Samuel Herbert Nienkirchen	Assistant Treasurer	225 Mary St., Pembroke, Ont.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

9.

Clarkson, Gordon & Co. Chartered Accountants.....507 Place d'Armes, Montreal, Que.

10.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares without nominal or par value in the capital stock of the Company is Montreal Trust Company at its offices in Toronto, Montreal and Vancouver.

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

11.

FISCAL YEAR

The fiscal year of the Company ends December 31st in each year.

12.

ANNUAL MEETING

The annual meeting of the shareholders of the Company is held on such day after the last day of December in each year but within a period of four months from such date as the Directors may determine, at the Head Office of the Company, or at such other place in Canada as the Directors may determine. The last such annual meeting was held at the Town of Pembroke on February 22, 1956.

Pursuant to a resolution duly passed by its Board of Directors, the applicant Company hereby applies for the listing of the said 281,746 common shares on The Toronto Stock Exchange and the undersigned officers thereof hereby certify that the statements and representations made in this Application and in the documents submitted in support thereof are true and correct.



EDDY MATCH COMPANY, LIMITED

"L. M. CRANDALL", President.

"H. HART", Secretary.

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

Distribution of Common stock as of January 10, 1957

146	holders of	1 -	100 share lots.....	8,066	shares
19	" "	101 - 200	" "	3,390	"
10	" "	201 - 300	" "	2,866	"
9	" "	301 - 400	" "	3,588	"
9	" "	401 - 500	" "	4,432	"
9	" "	501 - 1000	" "	6,822	"
25	" "	1001 - up	" "	252,582	"
227 Stockholders			Total shares	281,746	"

The offering of these Shares does not represent financing by the Company. The Shares are being purchased from a shareholder or shareholders of the Company and no part of the proceeds of the sale will be received by the Company.

Outstanding Issue

66,938 Common Shares

(Without Nominal or Par Value)

Eddy Match Company, Limited

(Incorporated under the laws of Canada)

Controlled by
British Match Corporation Limited

	Capitalization		
6% cumulative preferred shares of the par value of \$100 each.....		Authorized 9,250 shares	Issued and outstanding 9,250 shares
Common shares without nominal or par value.....		500,000 shares	281,746 shares

Transfer Agent and Registrar: Montreal Trust Company
Montreal, Toronto and Vancouver

Applications have been made for the listing of the common shares of the Company on the Montreal and Toronto stock exchanges.

In the opinion of Counsel, these common shares will be investments in which companies registered under the Canadian and British Insurance Companies Act may, without availing themselves for that purpose of the provisions of subsection (4) of Section 63 of said Act, invest their funds.

We offer, as principals, the said 66,938 common shares without nominal or par value subject to prior sale and change in price, if, as and when accepted by us and subject to the approval of our Counsel, Messrs. McMichael, Common, Howard, Cate, Ogilvy & Bishop, Montreal on our behalf, who may rely on the opinion of Messrs. Stapells, Sewell & Stapells, Toronto, Counsel for the Company with respect to matters relating to the Company and its authorized and issued share capital.

PRICE: \$27.25 per Share

It is expected that share certificates in interim form will be available for delivery on or about December 31, 1956.

The shares referred to herein are being offered in Canada, but not in the United States of America. This prospectus is not, and under no circumstances is to be considered as, an offering of any of these shares for sale in the United States of America or the territories or the possessions thereof or an offering to any resident of the United States of America or of such territories or possessions or a solicitation therein of any offer to buy any of these shares.

The following information has been supplied by Mr. L. M. Crandall, the President of the Company.

The Company

Eddy Match Company, Limited (herein sometimes referred to as the "Company") was incorporated under The Companies Act of Canada in 1927 for the purposes of acquiring and operating several Canadian match businesses.

The principal shareholders of the Company are Bryant & May Limited, of London, England which holds 157,142 common shares and The Diamond Match Company of New York, the holder of the 66,938 common shares offered by this Prospectus. Of the remaining 57,666 outstanding common shares, 41,746 such shares represent the shares of the Company issued on the acquisition of all the capital stock of The Steel Equipment Company, Limited, and the balance of such outstanding common shares are registered in the names of various holders.

Bryant & May Limited, the controlling shareholder of the Company, is a subsidiary of British Match Corporation Limited. This last mentioned company, through its subsidiaries and associated companies, is the largest manufacturer of matches in the British Commonwealth and its consolidated income before taxation for the financial year ending on March 31, 1956 was in excess of £1,900,000. The present offering of common shares of the Company is being made with the knowledge of British Match Corporation Limited.

The following letter has been received by the Company from The Diamond Match Company:

"L. M. Crandall, Esq.,
President,
Eddy Match Company, Limited,
Pembroke, Ontario.

December 11, 1956

Dear Mr. Crandall:

This will confirm that under the terms of the Consent Decree dated April 9, 1946, following civil action instituted by the United States of America, this company was, among other things, enjoined and restrained from voting any of the shares of Eddy Match Company, Limited held by it. Counsel for this company have advised that in their opinion this injunction is applicable only to this company and to certain other parties to the abovementioned civil action named in the Consent Decree and not to any other holder or transferee of stock of Eddy Match Company, Limited. It has been decided by the directors of this company that in view of the terms of such Consent Decree, the interests of this company would be best served by disposing of the 66,938 common shares of Eddy Match Company, Limited held by it and using the proceeds for other corporate purposes of this company.

Very truly yours,

THE DIAMOND MATCH COMPANY

(Sgd.) Robert G. Fairburn
President"

The directors and management of the Company consider that the present marketing of these common shares will benefit the Company through the distribution of its shares amongst the Canadian public.

Match Business

The Company produces and markets complete lines of household, pocket, safety and book matches throughout Canada and is the largest manufacturer of matches in Canada. The match production operations of the Company are conducted in four plants conveniently located to serve the Canadian market at Berthierville and Hull, P.Q., Pembroke, Ont. and Mission, B.C. The operations conducted at these plants and the manufacturing space currently in use in each are approximately as follows: Pembroke—round and square stick matches—45,000 square feet; Berthierville—paper matches—45,000 square feet out of 180,000 square feet; Hull—wood matches—18,000 square feet; Mission—wood matches—16,000 square feet.

The new head office building, constructed at Pembroke, Ontario in 1954 is located on a 25 acre site. All sales, finance, production and control activities of the Company are centralized in this new head office building. The Company has under consideration plans for the construction of a new match plant on the abovementioned 25 acre site now occupied in part by the head office building.

The Company maintains warehouse stocks of its match products at sixteen locations across Canada and its products are distributed through an experienced sales organization which has the benefit of the good-will and consumer acceptance attaching to the Company's business and the brand names under which its matches are marketed.

Wholly-Owned Subsidiaries

W. W. Powell Company, Limited operates a plant located at Nelson, B.C. on approximately 13 acres of land leased from the Canadian Pacific Railway Company. The plant buildings contain approximately 25,000 square feet of space which is used for production, office and warehouse purposes. This subsidiary conducts a general buying, processing and lumber distributing business and is the source of supply for high quality Idaho white pine blocks used in the manufacture of household matches at the various wood match manufacturing plants of the Company.

Ideal Vender Company of Canada Limited operates a factory owned by the Company at Deseronto, Ontario, including buildings containing approximately 89,000 square feet of manufacturing space on a site of approximately 38 acres. This subsidiary assembles and markets a line of soft drink and milk cooling vending machines designed for installation in service stations, factories, offices, theatres and elsewhere to provide a supply of soft drink and milk beverages. These vending machines have received wide acceptance in the Canadian market and are assembled by this subsidiary under royalty arrangements.

The Steel Equipment Company, Limited was recently acquired by the Company in exchange for the issue of common shares of its capital stock.

This subsidiary, located in Pembroke in a factory building of 130,000 square feet, has been engaged for over forty years in the business of manufacturing and distributing a full range of steel office desks, filing cabinets, shelving and like articles for which a satisfactory market has been developed.

It is expected that this subsidiary will continue and expand its established business and that its facilities will be of value to the planned expansion of the Ideal Vender Company of Canada Limited.

Employees

The Company's personnel including subsidiaries numbers approximately 650 and employee relationships have been on a high level with impressive safety records. The Company provides for its employees a non-contributory pension plan and a health and accident group insurance plan, including hospital and surgical benefits, which plans have had general acceptance by the employees eligible.

Outlook

The per capita use of matches in developed countries has a tendency to become static or even to decline. Canada is no exception and the aggregate sales of matches in this country have in fact declined somewhat over the past four years, but the consistent increase in her population tends to provide some offset. In the view of management, the match operations will continue for many years to form the basic business of the Company but the Company's future growth depends on diversification which in the past several years has been aggressively pursued.

Dividend Policy

The Company has maintained an unbroken dividend record on its common shares since its incorporation in 1927. In no year following 1929 has the rate of dividend been less than the equivalent of \$1.50 per share on the present stock which is the current rate.

Earnings

The following statement of combined earnings of the Company and its subsidiaries has been examined by the Company's auditors whose report thereon appears below.

**Eddy Match Company, Limited
and its Subsidiary Companies**
Statement of Combined Earnings (Note 1)
For the Ten Years Ended December 31, 1955
and the Ten Months' Period Ended October 31, 1956

Year ended December 31	Combined earnings from operations before depreciation and taxes on income (Note 2)	Depreciation (Note 3)	Taxes on income	Combined net earnings (Notes 4 and 5)	Dividends on preferred shares (Note 6)	Balance of combined net earnings
1946.....	\$1,668,451	\$ 79,185	\$ 746,126	\$843,140	\$180,000	\$663,140
1947.....	1,302,936	138,768	451,714	712,454	180,000	532,454
1948.....	1,421,837	184,404	471,478	765,955	180,000	585,955
1949.....	1,829,039	300,517	625,413	903,109	180,000	723,109
1950.....	1,736,114	193,874	725,834	816,406	180,000	636,406
1951.....	2,250,572	217,601	1,138,263	894,708	180,000	714,708
1952.....	2,251,510	279,442	1,081,568	890,500	180,000	710,500
1953.....	2,064,599	279,962	918,884	865,753	180,000	685,753
1954.....	2,044,143	255,389	856,742	932,012	103,500	828,512
1955.....	1,694,891	217,483	680,022	797,386	55,500	741,886
Ten months ended October 31, 1956	1,481,368	169,369	608,135	703,864	41,625	662,239

Notes to Statement of Combined Earnings

- On October 22, 1956, Eddy Match Company, Limited acquired all of the outstanding capital stock of The Steel Equipment Company, Limited. In the above statement, the earnings of the latter company for its fiscal years ended April 30, 1947 to 1956 inclusive have been combined with the consolidated earnings of Eddy Match Company, Limited and its other subsidiaries for their fiscal years ended December 31, 1946 to 1955 respectively. The earnings for the ten months ended October 31, 1956, include the earnings of The Steel Equipment Company, Limited for the period of six months ended October 31, 1956, the net earnings for that period so included being \$41,370.
- As of December 1, 1953, a retirement pension plan for the benefit of the employees of Eddy Match Company, Limited and its subsidiary, W. W. Powell Company Limited, was inaugurated. The above statement includes charges in respect of payments made and applied towards funding the cost of pensions based upon employees' past and current services as follows:

	Past Service	Current Service	Total
Year ended December 31, 1953.....	\$ 60,197	\$ 94,619	\$154,816
Year ended December 31, 1954.....	60,050	101,950	162,000
Year ended December 31, 1955.....	107,093	40,852	147,945
Ten months ended October 31, 1956.....	78,656	44,872	123,528

The estimated present value of the payments which these companies intend to make to complete the funding of pensions based upon past services is \$534,000.

The Steel Equipment Company, Limited has had a pension plan in force since 1945. Past service liabilities were paid prior to 1946 and the above statement includes the company's cost of current service pensions during the whole of the period covered by the statement.

- Depreciation charges included above are approximately equivalent to the maximum amounts available for federal income tax purposes (straight line basis 1946 to 1948 inclusive and diminishing balance basis thereafter) except in 1950 and 1951, when such charges were less than the maximum available for income tax purposes by approximately \$70,000 and \$100,000 respectively.
- In the years 1951, 1952 and 1953, losses were incurred in the operation of a business which has since been discontinued. These losses have been taken into account in the above statement and their effect has been to reduce "combined net earnings" in those years by \$122,542, \$104,402 and \$102,441 respectively.
- The above statement does not reflect a net gain on disposal of capital assets in 1949 and 1950 amounting to \$105,046, nor does it reflect premiums paid on redemption of preferred shares and the related income tax thereon which together amounted to \$275,400 in 1953 and to \$222,600 in 1954.
- The annual earnings required for the payment of dividends on the preferred shares outstanding as at October 31, 1956, amount to \$55,500.

To the Directors of
Eddy Match Company, Limited.

We have examined the statement of combined earnings of Eddy Match Company, Limited and its subsidiaries for the ten fiscal years ended December 31, 1955 and the ten months' period ended October 31, 1956. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying statement presents fairly the combined earnings of Eddy Match Company, Limited and its subsidiaries for the ten fiscal years ended December 31, 1955 and the ten months' period ended October 31, 1956.

Montreal, Canada,
December 19, 1956

(Signed) CLARKSON, GORDON & CO.
Chartered Accountants.

**Eddy Match Company, Limited
and its Subsidiary Companies**

**Consolidated Balance Sheet
October 31, 1956**

ASSETS

CURRENT:

Cash in bank and on hand.....	\$ 101,925
Deposit receipts.....	900,000
Government of Canada Bonds at cost (Market value \$467,700).....	527,700
Accounts receivable:	
Trade.....	\$1,574,047
Affiliated companies.....	13,423
Sundry.....	34,770
	<hr/>
Less allowance for doubtful accounts.....	\$1,622,240
	38,813
	<hr/>
Inventories of materials, work in process, and finished goods at the lower of cost or market.. .	2,699,593
	<hr/>

PROPERTIES (Note 1):

Land.....	\$ 71,234
Buildings.....	\$3,263,445
Equipment.....	2,506,784
	<hr/>
	\$5,770,229
Less accumulated depreciation.....	3,821,218
	<hr/>
	1,949,011
	2,020,245
	<hr/>
PREPAID EXPENSES AND DEFERRED CHARGES.....	119,456
PATENTS, RIGHTS, TRADE MARKS AND FORMULAE (Note 2).....	401,449
GOODWILL (Note 2).....	754,982
	<hr/>
	\$9,108,777

LIABILITIES

CURRENT:

Accounts payable and accrued charges.....	\$ 389,759
Income and other taxes payable.....	612,422
Deferred profit on instalment sales.....	183,805
	<hr/>

SHAREHOLDERS' EQUITY:

Capital:	
6% Cumulative redeemable preferred shares par value \$100, entitled on voluntary liquidation or on redemption to \$125 per share:	
Authorized and issued—9,250 shares.....	\$ 925,000
Common shares without nominal or par value (Since subdivided 2 for 1—see Note 3):	
Authorized—250,000 shares	4,992,820
Issued —140,873 shares.....	\$5,917,820
	<hr/>
Earned surplus.....	2,004,971
	<hr/>
	7,922,791
	<hr/>
	\$9,108,777

Notes to Consolidated Balance Sheet

- NOTE 1. Properties are stated at cost, which in the case of the properties acquired at the commencement of operations in 1928 is the value placed thereon by the directors representing approximate appraised value at that date.
2. Patents, rights, trade marks and formulae are carried at the stated value of the capital stock of the company issued therefor in 1928 in the amount of \$358,755, plus subsequent additions at cost. Goodwill is carried at the stated value of the capital stock of the company issued therefor in 1928 in the amount of \$2,600,000, less amounts totalling \$1,800,000 since written off to earned surplus and less \$45,018 representing the excess of the book value of the net assets of the subsidiary, The Steel Equipment Company, Limited, at the date of acquisition over the stated value of shares issued therefor.
3. Since October 31, 1956 supplementary letters patent were obtained subdividing the common shares without nominal or par value on a two for one basis, with the result that the authorized common share capital has been increased to 500,000 shares and the issued and outstanding common share capital has been increased to 281,746 shares. The common shares issued and outstanding at October 31, 1956 include 20,873 shares which were issued in October 1956 at a stated value of \$834,920 in exchange for all the issued and outstanding share capital of The Steel Equipment Company, Limited.
4. Estimated cost of capital expenditures under consideration for the immediate future is \$700,000.

Approved on behalf of the Board:

(Signed) L. M. CRANDALL, Director

(Signed) H. HART, Director

To the Directors of

Eddy Match Company, Limited.

We have examined the consolidated balance sheet of Eddy Match Company, Limited and its subsidiaries as at October 31, 1956. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet presents fairly the financial position of the company and its subsidiaries as at October 31, 1956.

Montreal, Canada,
December 19, 1956

(Signed) CLARKSON, GORDON & Co.
Chartered Accountants.

Statutory Information

(a) Eddy Match Company, Limited (hereinafter called the "Company") was incorporated by letters patent dated the 14th day of December, 1927, under The Companies Act, Revised Statutes of Canada, 1906, Chapter 79, as amended. Supplementary Letters Patent were issued to the Company dated January 27, 1928, July 14, 1938, March 9, 1942, December 31, 1953, February 2, 1955, October 4, 1956, and November 23, 1956.

The address of the head office of the Company is 1270 Pembroke Street West, Pembroke, Ontario.

(b) The full names, descriptions or present occupations and home addresses of the directors and officers and the name and address of the auditors of the Company are as follows:

Directors

GILBERT PERRY BARTHOLOMEW.....	Executive.....	12 Glenilla Road, Hampstead, London N.W.3, England.
LLOYD MILTON CRANDALL.....	Executive.....	354 Maple Avenue, Pembroke, Ontario.
DONALD BABCOCK CRUIKSHANK.....	Executive.....	100 Park Road, Rockcliffe, Ottawa, Ontario.
VICTOR MONTAGUE DRURY.....	Executive.....	3016 St. Sulpice Road, Montreal, Quebec
LIONEL AVARD FORSYTH, Q.C.....	Advocate.....	74 Sunnyside Avenue, Montreal, Quebec.
IAN HERBERT GILLETT GILBERT.....	Executive.....	1 Royal Chase, Tunbridge Wells, Kent, England.
HUGH HART.....	Executive.....	483 Nancy Street, Pembroke, Ontario.
GEORGE ASHLEY HUTCHINSON.....	Executive.....	258 Alfred Street, Pembroke, Ontario.

Officers

LLOYD MILTON CRANDALL.....	Chairman of the Board and President.....	354 Maple Avenue, Pembroke, Ontario.
GEORGE ASHLEY HUTCHINSON.....	Executive Vice-President.....	258 Alfred Street, Pembroke, Ontario.
HUGH HART.....	Vice-President, Secretary and Treasurer.....	483 Nancy Street, Pembroke, Ontario.
SAMUEL HERBERT NIENKIRCHEN.....	Assistant Treasurer and Assistant Secretary.....	225 Mary Street, Pembroke, Ontario.

Auditors

CLARKSON, GORDON & Co.....	Chartered Accountants.....	507 Place d'Armes, Montreal, Quebec.
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(c) The general nature of the business actually transacted by the Company is the manufacture and sale of wood and book matches and through its subsidiaries is engaged in the lumber business, the manufacture and sale of soft drink and milk cooling vending machines, and the manufacture and sale of steel office equipment.

(d) The six per cent (6%) cumulative preferred shares of the par value of one hundred dollars (\$100) each in the capital stock of the Company are registered and are transferable upon books maintained at the head office of the Company.

The transfer agent and registrar for the common shares without nominal or par value in the capital stock of the Company is Montreal Trust Company at its offices in Toronto, Montreal and Vancouver.

(e) The authorized share capital of the Company consists of 9,250 six per cent (6%) cumulative preferred shares of the par value of one hundred dollars (\$100) each, all of which have been issued and are outstanding as fully paid and non-assessable, and 500,000 common shares without nominal or par value of which 281,746 common shares have been issued and are outstanding as fully paid and non-assessable.

The said six per cent (6%) cumulative preferred shares and common shares carry and are subject to the following rights, preferences, priorities, conditions and restrictions, to wit:

1. The holders of the said preferred shares shall be entitled to receive out of the surplus or net profits of the Company, when and as declared by the Board of Directors, quarterly cumulative preferential dividends at the rate of six per centum (6%) per annum and no more, on the capital for the time being paid up thereon. No dividends shall be declared or paid on, or set apart upon any other shares of the Company unless all accrued dividends upon such preferred shares then issued and outstanding, including the preferential dividend for the current dividend period, have been paid or declared and set apart for payment;
2. The capital paid up on the preferred shares shall not be liable to cancellation or reduction by reason of loss or depreciation of the Company's assets;
3. In the event of the liquidation, winding-up or dissolution of the Company, or on any distribution of assets other than by way of dividends, no sum whatsoever shall be paid nor shall any assets whatsoever be distributed among the holders of any other shares of the Company until there shall have been paid to the holders of preferred shares the capital paid up on the preferred shares

held by them respectively, plus a sum equivalent to all unpaid and accrued preferential dividends on such preferred shares to the date of distribution, whether or not declared, and whether or not there are profits available for such dividends and in the event of such liquidation, winding-up, dissolution or distribution being voluntary, an additional sum of twenty-five dollars (\$25.00) per share and the holders of the preferred shares shall be entitled to be paid all such moneys out of the assets of the Company by preference over and in priority to the holders of any other shares of the capital stock of the Company, but the holders of the said preferred shares shall not have the right or be entitled to any further participation in the assets of the Company;

4. By resolution of the Board of Directors of the Company, all or any part of the preferred shares at any time outstanding may be purchased and redeemed by the Company on any date fixed by such resolution, at one hundred and twenty-five dollars (\$125.00) per share, together with all dividends accrued to the date so fixed for such redemption, whether declared or not. In case less than all of the outstanding preferred shares are to be called for redemption at the aforesaid redemption price, the Directors shall determine by lot the preferred shares to be redeemed. In the event of any preferred shares being offered to the Company for redemption at less than the aforesaid redemption price, the Directors may, by resolution, from time to time in their discretion cause the said preferred shares to be purchased and redeemed at the price at which the same are so offered without being obliged to determine by lot the shares so to be redeemed and without complying with the provisions hereof with respect to notice of redemption;
5. The purchase price of the preferred shares so called for redemption shall be paid at such place or places as the resolution making the call shall specify. Notice of such redemption setting forth the date when such preferred shares are to be redeemed and the place or places where the purchase price of the said shares is payable, shall be mailed, postage prepaid, not later than thirty (30) days prior to the date fixed for such redemption to each registered holder of preferred shares so called for redemption at his address registered in the books of the Company. Unless payment of the redemption price shall not have been made by the Company upon presentation and surrender of the certificates representing the shares so to be redeemed the holders of certificates of all preferred shares so called for redemption shall, after the date fixed for such redemption, cease to have any rights to future dividends or any rights or privileges as shareholders in respect of the shares so called for redemption other than to the payment of the amount hereinbefore and above specified;
6. The holders of the said preferred shares as such shall not be entitled to vote at any meeting of shareholders of the Company, nor to receive notice of or to attend any such meeting, whether annual or special, unless and until and during such time as after (and not including) the first year following the issue of such preferred shares the Company shall fail to pay preferential dividends on all of the preferred shares outstanding for periods, not necessarily consecutive periods, aggregating one year, in which event the holders of such preferred shares shall have the same voting rights as the holders of the common shares, to wit: one vote for each share of stock, provided, however, that upon the payment of all arrears of dividends the voting rights attached to such preferred shares shall cease but shall from time to time thereafter revive and cease in like circumstances;
7. No additional preferred shares, bonds, debentures or other securities of the Company having, as to principal or dividends, priority over or equality with the preferred shares hereby authorized shall be created or issued by the Company unless with the consent of the holders of the outstanding preferred shares of the Company, but nothing in this clause 7 contained shall limit or restrict the borrowing of money by the Company from a bank or banks on such security as may be given under The Bank Act of Canada or from banks or others on bills of exchange or promissory notes, made, drawn, accepted or endorsed by or on behalf of the Company and with or without security.

The said common shares carry the right to one vote per share at all meetings of the shareholders of the Company.

(f) No bonds or debentures of the Company are outstanding or are now proposed to be issued and the aforesaid six per cent (6%) cumulative preferred shares are the only securities of the Company issued or proposed to be issued which will rank ahead of or pari passu with the common shares offered by this prospectus.

(g) The Company does not at the present time propose to create or assume any substantial indebtedness which is not shown in the consolidated balance sheet of the Company and its subsidiaries, as at October 31, 1956, forming part of this prospectus. However the Company has under consideration plans for the construction of a new match plant on its 25 acre site at Pembroke, Ontario, at an estimated cost of \$630,000, for which no contracts have been let. The Steel Equipment Company, Limited referred to in paragraph (q) hereunder has in course of erection an addition to its buildings under a construction contract with Louis Markus & Son Limited of Pembroke, Ontario, for \$126,517.24, of which about \$70,000 remains to be paid.

(h) No securities of the Company are covered by options outstanding or proposed to be given.

By agreement dated December 19, 1956, Wood, Gundy & Company Limited and Greenshields & Co Inc have agreed to purchase from The Diamond Match Company, a shareholder of the Company, subject to the terms and conditions of such agreement, the 66,938 common shares of the Company offered by this prospectus at the price of \$25.50 per share.

(i) The number of securities offered by this prospectus and the price at which they are being offered to the public and terms thereof are as stated on the face of this prospectus to which reference is hereby expressly made. Reference is made to paragraph (q) hereunder.

(j) As the shares being offered are being purchased from a shareholder, none of the proceeds from the sale of the shares offered by this prospectus will be received by the Company.

(k) The aggregate remuneration paid by the Company during its last financial year ended December 31, 1955, to its directors as such was \$3,750. The estimated aggregate remuneration to be paid by the Company during the financial year of the Company ending December 31, 1956, to its directors as such is \$4,000.

The aggregate remuneration paid by the Company during its last financial year ended December 31, 1955, to officers of the Company who individually received remuneration in excess of \$10,000 per annum

was \$55,167.83. The estimated aggregate remuneration to be paid by the Company during the financial year of the Company ending December 31, 1956, to officers of the Company who individually will receive remuneration in excess of \$10,000 per annum is \$53,000.

(l) The estimated net proceeds to be derived by The Diamond Match Company from the sale of the securities offered by this prospectus on the basis of the same being fully taken up and paid for is \$1,706,919 less expenses (estimated at \$30,000) in connection with the sale of the said shares.

(m) Since none of the proceeds of the sale of the shares hereby offered are to be received by the Company, there is no minimum amount that in the opinion of the directors must be raised from the sale of the said shares.

(n) No amount has been paid within the two years preceding the date hereof or is payable by the Company as commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, or obligations of, the Company.

(o) The Company has been carrying on business since 1927.

(p) No property has been purchased or acquired by the Company or is proposed to be purchased or acquired by the Company the purchase price of which is to be defrayed in whole or in part out of the proceeds of the sale of the shares hereby offered or has been paid within the last two preceding years or is to be paid in whole or in part in securities of the Company or the purchase or acquisition of which has not been completed at the date of issue of this prospectus, save as referred to in paragraph (q) hereof.

(q) On October 22, 1956 the Company acquired from D. B. Cruikshank, 100 Park Road, Rockcliffe, Ottawa, Ontario, 2,499 redeemable non-cumulative preferred shares of the par value of \$100 each and 9,590 common shares without nominal or par value of The Steel Equipment Company, Limited and from Lloyd M. Crandall, 354 Maple Avenue, Pembroke, Ontario, 23 such preferred shares and 90 such common shares in consideration of the issue to the said D. B. Cruikshank and Lloyd M. Crandall respectively of 20,679 common shares and 194 common shares of the capital stock of the Company, in each case fully paid and non-assessable. The said common shares of the Company were subsequently subdivided on November 23, 1956 on the basis of two for one.

As a result of the foregoing exchanges, the Company acquired on said date all the 2,522 outstanding redeemable non-cumulative preferred shares of the par value of \$100 each and all the 9,680 outstanding common shares without nominal or par value of The Steel Equipment Company, Limited.

(r) No securities of the Company have been issued or agreed to be issued as fully or partly paid up otherwise than in cash within the two years preceding the date hereof save and except the 20,873 common shares in the capital stock of the Company referred to in paragraph (q) hereof.

(s) No services have been or are to be rendered to the Company which are to be paid for by the Company wholly or partly out of the proceeds of the issue of the shares hereby offered or have been during the last two preceding years or are to be paid for by securities of the Company.

(t) No amount has been paid by the Company within the two years preceding the date hereof or is intended to be paid to any promoter.

(u) The Company has not entered into any material contracts within the two years preceding the date hereof other than contracts entered into in the ordinary course of business carried on by the Company except a letter agreement dated October 11, 1956 with each of the vendors referred to in paragraph (q) above, copies of which may be inspected during usual business hours at the head office of the Company during the period of primary distribution to the public of the shares offered by this prospectus.

(v) The by-laws of the Company contain the following provision as to the remuneration of Directors:

"Remuneration. The remuneration to be paid the Directors shall be such as the Board shall from time to time by resolution determine and such remuneration shall be in addition to the salary paid to any officer of the Company who is also a member of the Board of Directors. The Directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Company. The Board of Directors may also by resolution award special remuneration to any Directors undertaking any special services on the Company's behalf other than the routine work ordinarily required of a Director by the Company, and the confirmation of any such resolution or resolutions by the Shareholders shall not be required."

(w) No director or any firm of which a director is a partner is interested in any property presently proposed to be acquired by the Company. Reference is made to paragraph (q) above.

(x) The Company has no knowledge of any of its securities being held in escrow.

(y) Bryant & May Limited, Fairfield Works, Bow, London, E.3, England, is by reason of its beneficial ownership of shares of the Company in a position to elect all of the directors of the Company. British Match Corporation Limited whose registered address is 66 Fenchurch St., London, England, is the owner of all the outstanding ordinary stock of Bryant & May Limited.

(z) The following are the particulars of the respective dividends paid upon the six per cent (6%) cumulative preferred shares and common shares (prior to subdivision) in the capital stock of the Company during the five years preceding the date hereof.

Year	Amount paid per preferred share	Amount paid per common share
1951.....	\$6.00	\$3.00
1952.....	6.00	3.00
1953.....	6.00	3.00
1954.....	6.00	3.00
1955.....	6.00	3.00
1956 (to date).....	4.50	2.25

At the meeting of the directors of the Company held December 19, 1956 a dividend of \$1.50 per share was declared on the said preferred shares and a dividend of $37\frac{1}{2}\%$ per share was declared on the common shares as subdivided, in each case payable on December 31, 1956 to the holders of record on December 19, 1956.

The foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act, 1954 (Saskatchewan), by Section 13 of the Security Frauds Prevention Act (New Brunswick) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible.

Dated December 19, 1956.

Directors

(Signed) L. A. FORSYTH

VICTOR MONTAGUE DRURY

by his agent

(Signed) L. M. CRANDALL

(Signed) L. M. CRANDALL

(Signed) D. B. CRUIKSHANK

GILBERT PERRY BARTHOLOMEW

by his agent

(Signed) H. HART

(Signed) H. G. STAPELLS

(Signed) G. A. HUTCHINSON

IAN HERBERT GILLETT GILBERT

by his agent

(Signed) H. G. STAPELLS

Underwriters

To the best of our knowledge, information and belief, the foregoing declarations constitute full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Section 39 of The Securities Act (Ontario), by Section 39 of The Securities Act, 1954 (Saskatchewan), by Section 13 of the Security Frauds Prevention Act (New Brunswick) and under the Quebec Securities Act, and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge we have relied upon the accuracy and adequacy of the foregoing.

WOOD, GUNDY & COMPANY LIMITED

GREENSHIELDS & CO INC

by (Signed) J. N. COLE

by (Signed) PETER KILBURN

Names of every person having an interest directly or indirectly to the extent of not less than 5% in the capital of Wood, Gundy & Company Limited: C. L. Gundy, W. P. Scott, A. H. Williamson, D. R. A. Walker, E. S. Johnston, J. N. Cole and E. H. Ely, and to the extent of more than 5% in the capital of Greenshields & Co Inc: Russell D. Bell, R. O. Johnson, Peter Kilburn and Viscount Hardinge.

